

## **FINAL STATEMENT OF REASONS**

### **Amendment of section 599.500(t) and Addition of section 599.511**

Update of Initial Statement Of Reasons: There have been no changes in the applicable law or facts, or to the effect of the proposed regulations, from those described in the Initial Statement of Reasons.

Local Mandate Determination: The proposed regulation does not impose any mandate on local agencies or school districts.

Summary And Response To Comments Received During The Public Notice Period Of April 2, 2004, Through May 17, 2004: CalPERS received one public comment regarding the proposed amendment of section 599.500(t) and the addition of section 599.511 to Title 2 of the California Code of Regulations.

A comment regarding the proposed amendment to and addition of the regulation was received from Ms. Diane Adis, Solano County Water Agency.

CalPERS responded in writing with additional information to clarify this proposed regulation. Copies of the email and copies of CalPERS' response are included as part of the rulemaking file. A summary of the comment received and CalPERS' response is as follows:

*Comment:* Ms. Adis requested clarification of the term "Alternative Benefit Plan".

*Response:* Alternative Benefit Plans were described as health benefit plans that the CalPERS Board may (at its discretion) choose to make available exclusively to employees and annuitants of contracting agencies, which consist of a different benefit structure than the standard statewide health benefits plans.

Additionally, the process for offering Alternative Benefit plans was described in detail.

Summary and Response To Comments Received At The Public Hearing On Wednesday, May 18, 2004:

CalPERS received one comment during the public hearing. (See Hearing Transcript, pages 106 to 108.)

A comment regarding the proposed amendment to and addition of the regulation was received from Mr. Claude Alver, Peace Officers Research Association of California.

A summary of the comment received during the public hearing and CalPERS' response is as follows:

*Comment:* Mr. Alver expressed concern regarding recent amendments to (the) Government Code (Section 22790 (e)(2), which requires that any resolutions submitted by contracting agencies are subject to mutual agreement between the contracting agency and the recognized employee organization, if any), and how it may conflict with Labor Code provisions regarding collective bargaining.

*Response:* If an employer and employee are subject to collective bargaining as provided by the Labor Code, then they are obligated to follow those rules. If there is a violation of that law, then the objecting party may have remedies available under the Labor Code.

Alternatives Determination: CalPERS has determined that no reasonable alternative considered by the Board or that has otherwise been identified and brought to the attention of the Board would be more effective in carrying out the purpose for which the action is proposed or would be as effective as and less burdensome to affected private persons than the proposed action.